



House Bill 5040, An Act Concerning the Governor's Budget Recommendations for Human Services.

Human Services Committee

March 1, 2022

Home Care Association of America Connecticut advocates for employer-based home care agencies that screen, employ, train, monitor and supervise caregivers; create a plan of care for the client; and work toward a safe and secure environment for the person at home. HCAOA Connecticut supports industry standards that improve the delivery of care to clients. HCAOA Connecticut members are mostly small businesses that employ several thousand caregivers providing quality, affordable home care to thousands of elderly consumers, persons who are disabled and veterans across the state. Members provide essential home care services to many elderly persons and others participating in Department of Social Services Medicaid waiver programs, such as the Connecticut Medical Assistance Program and the Connecticut Home Care Program for Elders.

House Bill 5040 implements various human services programs related to the Governor's recommended budget adjustments.

HCAOA Connecticut requests support from the Human Services Committee for additional funding in the state budget for human services programs to DSS to adequately reimburse and support home care agencies participating in Medicaid programs. Adequate reimbursement would help agencies maintain current services and keep pace with ever-increasing costs. Sufficient funding is necessary to help offset recent cost increases for agencies, including minimum wage, extraordinary expenses occasioned by the COVID-19 pandemic, transportation and inflation. Home care providers merely seek reimbursement rates that would help protect the state's most vulnerable citizens while adequately and fairly reimbursing providers for their services.

In 2021, the legislature authorized a 1.7% increase in reimbursement rates. Providers have not received those increases and the rates should have been released by DSS to providers by now. Funding to support the ARPA Home and Community-Based Services Reinvestment Plan needs to be approved and effective by March 31 in order for home care agencies to remain viable and continue to provide services. The home care industry understands DSS is working as hard as it can during a very

challenging time and that the funds are awaiting approval by CMS. But, many home care providers are also struggling mightily to provide essential services during this difficult time without adequate reimbursement. Additionally, if the funds are not disbursed the state will be at risk of losing the 10% federal matching funds.

Recent rate increases, including the 2.3% provided by DSS in 2020, have only partly offset increasing costs to deliver home care. The funding was neither proportionate to the mandated wage increase nor adequate to support ongoing services. Given the economic challenges created by the pandemic and by increases in minimum wage, many providers have been forced to close their agencies and others may close as well, putting clients at risk and increasing costs for the state.

Several factors support an increase in Medicaid reimbursement, including:

- Recent increases in minimum wage from \$10.10 to \$13 per hour.
- Corresponding reimbursement increases of only about 3.3 percent over the past two years.
- A minimum wage increase to \$14 per hour scheduled for July 1, then to \$15 by 2023, putting further pressure on home care providers.
- Wage increases, combined with increases in payroll, unemployment and workers' compensation insurance rates, transportation, implementation of Electronic Visit Verification and other costs, will make participation in the Medicaid programs fiscally unsustainable for many home care providers. (Recent increases in the price of gas is particularly burdensome for caregivers and providers.)

Home care agencies help fulfill an important public policy goal: caregivers provide essential support that enables elderly and disabled persons to live in their own homes longer and keeps them from being readmitted to the hospital or long-term care facilities, saving the state significant resources. They also meet a compassionate need: home is where most people want to be. During the public health emergency, supporting clients at home helps them avoid infection and allows facilities to safely discharge recovering patients.

Providing home and community-based support during a crisis comes with a cost, which includes purchase and sanitization of personal protective equipment, unanticipated transportation to additional clients, and the need to recruit and hire caregivers to replace those exposed to the virus or on leave to care for family members. Those costs, necessary to caring for our vulnerable Medicaid clients, are a further strain on agencies already challenged by mandated wage increases.

By most objective measures, including cost and quality of life, aging at home is preferred to other living arrangements. For about half the per-client cost of institutional care, care in the home offers a cost-effective, high quality alternative to

institutional care. DSS estimates that the transition to home care currently saves the state nearly \$142 million a year.

By providing a necessary increase to home care providers participating in Medicaid programs, Connecticut would recognize the value of their services while helping to meet their needs as they strive to assist seniors and individuals with disabilities during the COVID-19 pandemic.

Please contact Marlene Chickerella, Chair of HCAOA Connecticut DSS Medicaid committee, (203) 932-9966, with any questions or visit www.hcaoa.org for additional information about Home Care Association of America.